

PHILADELPHIA MULTIFAMILY HOUSING HUB NEWS



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5th Anniversary Issue

The October 2005 issue of Philadelphia Multifamily Hub News marks its 5th year of publication. We

hope that you enjoy our news articles as much as we enjoy bringing them to you!



Hot Real Estate Market

The Associated Press reported that developers are describing the Philadelphia housing market as the "best ever," due to the influx of baby boomers to the city, low mortgage rates, and growing consumer confidence.



From 1995 to 2004, Philadelphia County saw a 488% increase in building permits- the highest in the state. In Center City, more than 8,700 new or converted apartments, condos, and homes are being proposed with completion dates from 2005 to 2008 and beyond.

The new buildings stand to dramatically change the city's skyline, long characterized by low rowhouses.

Landscaped Green Zones

The City of Philadelphia's Office of Watersheds has partnered with the Philadelphia Horticultural Society's



"Philadelphia Green Program" to transform 3,000 of the city's 40,000 vacant lots into green spaces over the last six years. The program was featured at an White House conference on urban conservation that was held in late August.

Under the program, lots are cleared, graded, and outfitted with grass, trees, rustic fences, and natural basins. The work keeps rain water on the sites for up to 36 hours instead of it flowing into an aging and over-taxed sewer system.

The sites, funded by a \$280,000 state grant, will be monitored for the next four months to see if they are a cost-effective way to manage stormwater.

Hurricane Katrina Data Collection

In an effort to identify housing resources for Hurricane Katrina disaster victims, HUD has established a website for project owners and management agents to post vacant unit information. The website is as follows: www.katrinahudhousing.org/hud/owners.



This vacancy resource data will be provided to HUD's two national call centers, as well as housing authorities that are participating in the Katrina Disaster Housing Assistance Payment (KDHP) program.

Your cooperation in helping to make this self-service site successful will be greatly appreciated!

Multifamily MIP Changes

See the 8/30/05 Federal Register for MIP changes at: www.gpoaccess.gov/fr/

New HUD Form 50059

A new HUD Form 50059 has been approved. In order to satisfy the need to have residents sign an official document illustrating how the rent was calculated, the paper 50059 has returned (vs. the 50059 facsimile). A copy of the new form can be found at: www.rbdnow.com/noticesforms.htm.



The form will be officially released through HUDClips with a set of instructions defining how the form should be completed. Please keep in mind that this 50059 includes fields that will be used by TRACS in later releases. These are defined as “Future Fields.” The new forms will be effective as of 1/1/06, along with the new 52670. TRACS Version 202B implementation and the new special claim forms will also be required at that time.

Discrimination Studies

On July 25, 2005, HUD Secretary Alphonso Jackson released the study Discrimination Against Persons with Disabilities: Barriers at Every Step. He also released a companion report, Discrimination Against Persons with Disabilities: Guidance for Practitioners, that uses the lesson from the research study to give guidance to practitioners on how to conduct disability discrimination testing.



These are the last in a series of reports specified by Congress to use paired testing to measure the level of discrimination in the United States. The three previous reports showed the level of discrimination experienced by African Americans, Hispanics, Asians, and Native Americans when they inquired about a unit advertised for sale or rent. The series of studies is commonly referred to as the Housing Discrimination Study 2000. Under contract to HUD, the Urban Institute conducted the research for all of these studies.

The report, Barriers at Every Step, shows the level of discrimination faced by two groups in the Chicago metropolitan area:

- *Persons who are deaf and use a telephone relay service to inquire about a rental unit.
- *Persons using wheelchairs who visit a rental provider in person.

The Urban Institute's analysis of 200 paired tests have the following three key findings:

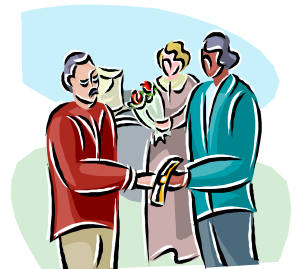
1. Landlords who advertised units for rent refused to speak to deaf persons in one of four calls, while non-disabled callers were given information about the units.
2. For both deaf persons and wheelchair users that were able to get some information, they did not receive the same level of encouragement as non-disabled persons in 25% of the tests.
3. The majority of landlords agree to requests of reasonable accommodation and reasonable modification. Nonetheless, about 19% of landlords refused a request for a reasonable accommodation and 16% said they would not permit a reasonable modification.

You can download these publications at: www.huduser.org/publications/hsgspec/dds.html.

Tenant Relations

According to a study performed by Kingsley Associates in April 2005, the seven most important ways property managers can increase tenant satisfaction are:

1. resolve problems quickly and effectively,
2. accommodate special requests,
3. follow through on commitments,
4. be professional and courteous,
5. be responsive,
6. communicate proactively with tenants,
- and 7. be accessible.



A direct correlation has been made between the level of tenant satisfaction and tenant retention. There is a significant financial impact when tenants do not renew their leases. Among the monies lost are: rent, tenant improvements, commissions, and marketing costs.

When there is good or excellent satisfaction with management, 70% of tenants renew their leases. On the other hand, when there is poor or fair satisfaction with management, only 58% renew their leases- a 12% difference.

Wheelchair Damage

Accessible apartments often suffer damages to walls, doors, and floors due to the use of wheelchairs by handicapped tenants.

By installing a few inexpensive devices, you can greatly minimize the problem. Some examples are: stainless steel kick-plates on the lower half of doors (cost: \$9-\$35); plastic or metal wall-guards (cost: \$30-\$80); plastic or metal 90° corner guards (cost: \$20-\$60 for 10 four-foot strips); and plastic or rubber floor mats to cover wood floors or carpeting (cost: \$20 and up).



Leasing Tips

The July 2005 issue of Affordable Housing Finance provided the following common-sense tips and strategies for marketing and leasing affordable housing properties:

*Begin marketing 4 months prior to opening.

*Spend about \$400/mo. in regional and local (minority-owned) newspaper ads.

*Obtain lists of prospective tenants from local housing authorities, social service, and nonprofit housing providers.

*Match the profile of the prospective tenant with the kind of businesses you contact.

*Insure good curb appeal—mow lawns and pick up trash.

*Provide maps showing locations of downtown parking, schools, parks, and public transportation.

*Send thank you notes and call prospective tenants within 24 hours of their visit to your project.

*Encourage recommendations from your tenants.

*Provide \$100-\$300 referral fees (cash or gift certificates) to existing tenants.

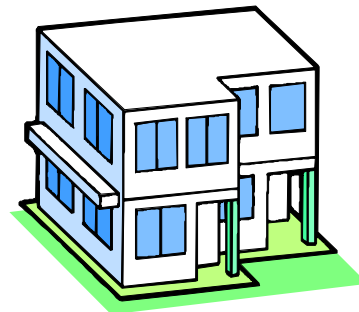
Note Sale

The Multifamily and Healthcare Loan Sale 2005-3 will take place on November 16, 2005. A total of 34 unsubsidized mortgages will be offered.



Size of Projects for the Disabled

A recent Congressionally mandated evaluation of Section 811 and 202 housing programs suggests that project size does not strongly influence either costs or service availability. The study finds that size plays a lesser role in project satisfaction than meeting disabled residents' needs, preferences, and requirements for supportive services.



Researchers collected data on housing and services by speaking with state policymakers, interviewing project sponsors, making site visits to 50 projects in 10 metropolitan areas, and interviewing residents. Researchers found that priorities for these projects include locations in safe, desirable residential or mixed residential and commercial neighborhoods; an emphasis on independent living; use of community-based support services in lieu of on-site provision; and good relationships with local neighbors and businesses. Physical appearance of a project, including size, is a significant factor in local acceptance. A project that blends into the neighborhood is desirable.

This evaluation underscores the importance of flexibility in project size, given cost and service accessibility; a project design that maximizes independence, privacy, and interdependence of residents; and a need for further cost analyses and financing mechanisms to expand affordable housing for the disabled. The full report, "Implications of Project Size in Section 811 and Section 202 Assisted Projects for Persons with Disabilities," is available as a free download at: www.huduser.org/publications/pubasst/sec811-202.html, or in printed form for a nominal charge by calling: 1-800-245-2691.

Portable Fire Extinguishers

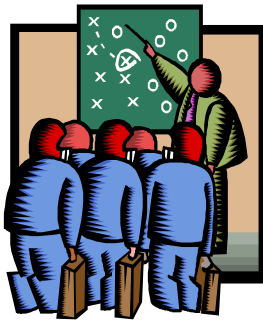
Fire extinguishers are invaluable safety devices. It is important that the right class of extinguishers be available and that they are inspected monthly and recharged annually.

However, equally important is to periodically review your building's fire safety plan and insure that individuals know how to operate hand held portable fire extinguishers.



U.S. Housing Market Conditions

HUD has released the 1st quarter 2005 analysis of the housing market, based on performance numbers of housing production, sales, affordability, and multi-family (5+ units) housing unit production. The report finds that multifamily production was mixed but showed some signs of strength. Permits for new multifamily units were up 17.8% and starts (more than 300,000) were above their 4th quarter levels. Completions (244,000 units), however, decreased 5.4% from the 4th quarter. Permits were at a 15-year high. On the rental side, although the vacancy rate declined slightly (10.1%), the rental absorption rate improved 64% of new rental apartments completed in the 4th quarter leased within the first 3 months of completion. This data, and more, are reported for national and regional levels and can be compared to historical trends. This issue is available online at: www.huduser.org/periodicals/ushmc/spring05/USHMC_05Q1.pdf, or a printed copy is available from HUD USER by calling 1-800-245-2691.



The issue also features discussions on the latest data on the new Low-Income Housing Tax Credits (LIHTC), the status of regional housing markets, and an in-depth housing market profile on Philadelphia, PA. As an added feature, in this issue, is the 2004 Annual Index for all four quarters of U.S. Housing Market Conditions.

The following is an excerpt from the Philadelphia market analysis: "Philadelphia's rental housing market is currently strong. As of the 1st quarter 2005 the stabilized Class A rental vacancy rate in Philadelphia and the PA suburbs is between 3-4%, unchanged from last year. Overall vacancy rates, including actively marketed properties, increased to 16% in the PA suburbs, as 1,400 new apartments began leasing during the 2nd half 2004. The spike in the rental vacancy rate is expected to be of short duration due to the healthy pace of absorption of new units, even with higher rents than at comparable projects".

Multifamily building permit activity increased 79% to 1,500 units during the 12 mos. ending February 2005. Developers continue to be confident of the steady absorption of new units. The 3-year construction pipeline for the Philadelphia and PA suburbs contains more than 3,600 units, or an increase of more than 50% above the level of construction planned a year ago. More than 2/3

of the units in planning are to be built in Philadelphia. The remaining 1,000 units are to be constructed outside the city, primarily in Montgomery County.

The medium rent in the expanded Philadelphia area was \$823 in 2004. Rent levels are considerably higher in Center City, which features several of the newest luxury developments. Center City rent levels averaged \$818 for studios, \$1,310 for 1-BR units, \$2,109 for 2-BR units, and \$3,138 for 3-BR units. As new units entered the market at higher-than-average prices, during the past year, existing apartments responded by offering rental concessions. As a result, effective rents declined between 1-2% in both the city and the PA suburbs, when comparing March 2005 with the previous year.

Senior Citizen Wins Contest

Congratulations to Marianne Prins- one of four first place winners (65+ age category) in HUD's National Neighborhood Networks Essay Contest. Ms. Prins is a resident at Parsippany-Troy Hills NJ39H085092, and a participant in the Brookside Computer Learning Neighborhood Networks Center.

Ms. Prins' essay, "How Has My Neighborhood Networks Center Help Enrich My Life," is posted on the Neighborhood Networks website at: www.hud.gov/offices/hsg/mfh/nnw/essaycontest.cfm.

The following is a brief excerpt from her essay: "My life certainly has become more enriched through this program...as a senior citizen, I am aware that it is important to keep our minds active...I am certainly grateful, in every way, that I am in an age in which I can be part of this wonderful and exciting computer age."

Also recognized in the 65+ category are Florence Finkel of B'nai B'rith Apts., Allentown, NJ who finished in third place, and Madeline Frazier of the Mahlon M. Lewis NNC, Philadelphia, PA who was awarded an honorable mention.

Closings

Initial and Final Closings occurred on the following projects during September 2005: *Insured*- PA: Breslyn Apts, and NJ: Regent Care; *Section 202/811 Initials*- NJ: Monmouth Homes, NewBridge HMC, St. Stephen's Senior Housing, Independence II Consumer, and OMHS Housing 2002; DE: ARC HUD VIII; PA: Inglis Gardens, Presidential Place, Passavant Memorial I, II, & III; and *Section 202/811 Finals*- PA: Los Jardines, South Philly Presby, Bustleton Supported, Crease Drye, Family Services, and Titus House; NJ: Community Options Van Houten, Community Options Inc Lincoln, Community Options Inc